

to [REDACTED]. The use of Hormel Foods' feed is not required, but the [REDACTED] agrees to listen objectively to Hormel Foods' feed presentations.

- (e) [REDACTED] must at all times be able to demonstrate its financial soundness to Hormel Foods and to provide evidence thereof upon the request of Hormel Foods. [REDACTED] must demonstrate at all times the ability to produce hogs in the quantity and of the quality required during the term of this Agreement. Hormel Foods shall have access to cost and financial records of [REDACTED] under this Agreement subject to reasonable notice from Hormel Foods to inspect during normal business hours. [REDACTED] must also use an approved cost and recordkeeping system.
- (f) [REDACTED] agrees to execute and deliver to Hormel Foods from time to time, as requested by Hormel Foods in its discretion, such security agreements, financing statements under the Uniform Commercial Code and other instruments as may be necessary or appropriate to grant Hormel Foods a security interest in tangible assets of [REDACTED]. The fair market value of such tangible assets shall be sufficient to secure [REDACTED] obligations under this Agreement and shall be at least equal to Hormel Foods' projected negative cash position with [REDACTED]. Such security interest shall be on written terms reasonably satisfactory to Hormel Foods.

5. OPTIONS TO EXTEND OR CONVERT CONTRACT.

- (a) If Hormel Foods is in a negative cash position with [REDACTED], as defined in paragraph 2.(e)(2), at the end of the initial ten-year term of this Agreement for any phase, then Hormel Foods may by written notice to [REDACTED] elect to extend the Agreement with respect to such phase until such time as Hormel Foods' negative cash position has been eliminated; provided that such extended term for such phase shall be no longer than five (5) years in any event. During the extended term of this Agreement for any phase, (1) Hormel Foods may terminate this Agreement with respect to such phase by written notice to [REDACTED] at any time Hormel Foods is in a negative cash position, and (2) [REDACTED] may terminate this Agreement with respect to such phase by written notice to Hormel Foods at any time by making a cash payment to Hormel Foods sufficient to eliminate Hormel Foods' negative cash position.
- (b) If Hormel Foods is in a positive cash position with [REDACTED], as defined in paragraph 2.(e)(3), at the end of the initial ten-year term of this Agreement for any phase, [REDACTED] may by written notice to Hormel Foods elect to extend the Agreement with respect to such phase until such time as Hormel Foods' positive cash position has been eliminated; provided that such extended term for such phase shall be no longer than five (5) years in any event. During the extended term of this Agreement for any phase, (1) [REDACTED] may terminate this Agreement with respect to such phase by written notice to Hormel Foods at any time Hormel Foods is in a positive cash position, and (2) [REDACTED] may terminate this Agreement with respect to such phase by written notice to Hormel Foods at any time by making a cash payment to Hormel Foods sufficient to eliminate Hormel Foods' negative cash position.
- (c) The provisions in paragraphs 5.(a) and 5.(b) are subject to the following restrictions:
 - (1) Any extension to the Agreement beyond the initial ten-year term for the last phase to which this Agreement applies shall be governed by the terms of the basic Long-Term Hog Procurement Agreement being offered by Hormel Foods at the time of the extension or, if there is no such agreement being offered by Hormel Foods at that time, by the terms of the basic Long-Term Hog Procurement Agreement most recently offered by Hormel Foods at the time of the extension; and